Mercenaries and the Re-Emergence of Privatized Warfare

Mercenaries and other types of private military actors are proliferating at an alarming rate, threatening global stability. Recent years have witnessed mercenary activity in Syria, Iraq, Yemen, Nigeria, Libya, Ukraine, Venezuela, Central African Republic, Mozambique, and the Democratic Republic of the Congo. Clients include Russia, the Emirates, Nigeria, the extractive industry, oceanic shipping lines, oligarchs, and terrorist groups. Mercenaries — or whatever one chooses to call them — are no longer Kalashnikov-toting soldiers of fortune who show up in wars of decolonization. That was the 20th century. Now they fly Mi-24 Hind attack helicopters, T-72 tanks, and armed patrol boats. You can rent “tier-one” special operations forces teams as a death squad. There are even mercenaries in cyberspace, known as "hack-back" companies.

Curiously, the international community has paid scant attention to this emerging threat, a dangerous oversight. The privatization of war changes warfare in profound ways, and this could fundamentally alter the distribution of power within the world system. Should this trend continue, states will no longer enjoy a monopoly of force to uphold rule of law, and new kinds of actors will rise to challenge them, sometimes existentially. If money can rent firepower, then the super-rich can become a new kind of superpower. The global .01%, large multinational corporations, terrorists, and transnational criminal organizations may soon have private armies to wage war, no matter how petty. Worse, history shows that mercenaries sometimes start and elongate armed conflicts for profit. In sum, a world awash in mercenaries means more war and suffering.

Despite this threat, mercenaries remain curiously overlooked. Government intelligence agencies do not track the issue. Owing to the industry’s extreme opacity, experts must use unreliable media sources, anecdotes, and anemic data. Consequently, there is a lacuna of understanding concerning this emerging threat.

This paper helps fill the gap of knowledge by offering expert analysis coupled with an industry insider’s knowledge. For years I worked as a “military contractor” until I became concerned with what I saw. I then became a scholar; my mission is to pull back the curtain on
this secretive and dangerous industry. I have published widely on the topic, and advise
governments on the issue.

This report will examine current trends, developments, and implications of the emerging
market for force. It is meant for inclusion into the Working Group’s report, as denoted in: “Call
for submissions: The evolving forms, trends and manifestations of mercenaries and mercenary-
related activities.” All opinions are my own. It is a primer, and explores the following issues:

1. **Mercenary Services**: The types of services provided by mercenaries and mercenary-
related actors as well as information on who they are, where they operate, their clients,
the reasons behind their recruitment and the modalities behind the use of their
services;

2. **Mercenary Clientele**: Trends and patterns regarding States of origin, motivational factors
and professional backgrounds of mercenaries and mercenary-related actors;

3. **Non-state Actors and Mercenaries**: The role of non-State armed groups and organized
criminal groups in either using or providing mercenary and mercenary-related services;

4. **Implications for International Relations**: Transnational, regional and national dynamics
conducive to the use of mercenaries.
1. Mercenary Services

Mercenaries are “the second oldest profession.” Private force has always been a facet of war — from biblical times to today — and without opprobrium. The stigma associated with military contractors is a modern phenomenon with roots in the consolidation of state power in the centuries following the Thirty Years War (1618-48) in Europe. By the 1850s mercenaries were completely outlawed and the industry went underground. However, they began to re-emerge after the Cold War, most infamously with the South African firm Executive Outcomes. Then the United States injected billions of dollars into the industry as it fought wars in Iraq and Afghanistan, resurrecting the industry. Now mercenaries are back. A more comprehensive history of mercenaries is traced elsewhere.¹

Today, when people think of private military contractors, they imagine Blackwater International in Iraq circa 2007. A squad of armed contractors killed 17 civilians at the Nisour traffic circle in Baghdad. The incident sparked a political uproar in Iraq, the Middle East, and the United States. It was perhaps the worst war crime of the Iraq War. For Americans, the “Nisour Incident” was a stain on their country’s moral character. For Iraqis, Blackwater’s reckless behavior and callous disregard for Iraqi lives seemed emblematic of America’s handling of the war as a whole, and helped to hasten our exit. For the international community, Blackwater is synonymous with the disastrous Iraq War.

However, firms like Blackwater are quaint by today’s standards. Contemporary mercenaries can threaten even the world’s most powerful militaries. The United States learned this at Deir al-Zour Province in Eastern Syria on February 7, 2018. The opening salvo of mercenary artillery was so intense that American troops took cover in foxholes for protection. After the barrage, a column of Russian tanks advanced on their positions, firing their 125-millimeter turret guns. The American soldiers and their Kurdish allies returned fire, but it was not enough to repulse the tanks. Soon they were in danger of being overrun.

A team of about 30 American Delta Force soldiers and rangers were pinned down at a Conoco gas plant. Roughly 30 kilometers away, a team of U.S. army special forces “green berets” and a platoon of marines deployed to rescue their brethren. Their collective mission...
was to defend the Conoco facility, alongside Kurdish and Arab forces. No one expected an enemy armored assault.

Attacking them were 500 mercenaries, hired by Russia. These mercenaries possessed artillery, armored personnel carriers, and T-72 main battle tanks. These were not the cartoonish rabble depicted by Hollywood. This was the Wagner Group, a mercenary company based in Russia, and like many high-end mercenaries today, they were covert and lethal.

The American commandos radioed for help. Warplanes arrived in waves, including Reaper drones, F-22 stealth fighter jets, F-15E Strike Fighters, B-52 bombers, AC-130 gunships and AH-64 Apache helicopters. Scores of strikes pummeled the mercenaries, but they did not waver.²

Four hours later, the mercenaries finally retreated. Four hours. No Americans were killed, and the U.S. Department of Defense touted this as a big win. But it wasn’t. It took America’s most elite troops and advanced aircraft four hours to repel 500 mercenaries. What happens when non-elite troops must face 1000? 5000? More? Annihilation, most likely.

Mercenaries are more powerful than experts realize, a grave oversight. Those who assume they are cheap imitations of national armies invite disaster because for-profit warriors are a wholly different genus and species of fighter that the world has not seen in 150 years. Modern mercenaries are more like multinational companies than the Marine Corps. They sell security in an insecure world, a valuable proposition. Their employees are recruited from different countries, and profitability is more important than politics. Patriotism is irrelevant, and sometimes a liability.

Who Is a “Mercenary”?

Legal analysis of this question is addressed elsewhere in the Working Group’s study. Volumes of academic ink have been spilt on the questions since the resurgence of this new warrior class in the 1990s. But they have not done a good job. Their definitions and typologies generally overcomplicate an already complex problem, muddling our understanding of the industry.

Tellingly, after 30 years of scholarship there is still no expert consensus on who exactly is a mercenary. Those in the industry, their clients, and many outside experts spurn the “M” word
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owing to the associated stigma. Instead, they give mercenaries new labels: private military contractors, private security companies, private military companies, private military/security companies (PMCS), private military firms, military service providers, operational contractors, and contingency contractors. However, these labels tell us little about the people on the ground, and some are cynical euphemism (e.g., ”contingency contractors”).

Academics offer typologies to clarify their myriad labels, but these too are unhelpful. Nearly all typologies differentiate armed contractors by what they do on the battlefield. For example: contractors offering consulting services are “private security companies,” those who conduct defensive operations are “private military companies,” and those who perform offensive operations are “mercenaries.”

But these typologies ignore the obvious: if an armed contractor can do one of these functions, they can do all of them. There is no bright line between them. Like national armies, if you have the skillsets for one mission, then you can accomplish the other ones too. National armies do not train in just defensive or offensive operations; they train in them all. Private warriors are the same, and most began their careers with service in a national military. Academics wrongly assume there are exclusive divisions between these services, but there are not. Competent contractors can perform many types of missions — consulting, defense, offense — and not just one. Consequently, there is no meaningful distinction between a “private security contractor,” a “private military contractor” and a “mercenary.” The independent variable here is not the contractor, but the contract. What matters is not the skillset of the contractor, who can work many types of mission. Instead, what matters are the market circumstances fueling the contracts.

Another fallacy is basing definitions and typologies on “legitimacy,” which is symptomatic of confirmation bias linked to political perspective. For example, can we really call Blackwater a “PMCS” and Wagner Group a “mercenary” based on legitimacy? They have more in common than not, yet Washington claims Blackwater was not a mercenary company while insisting the Wagner Group is. Moscow believes the exact opposite. Both are wrong, and right. Mercenaries are illegal in both countries, and labeling them a PMSC (or similar) circumvents
domestic and international law against the use of mercenaries, and provides a patina of legitimacy. But no one should be fooled by such ploys.

Owing to these problems, this investigation will eschew expert labels and simply use the term “mercenary” to describe any armed civilian paid to conduct para-military operations in a foreign conflict zone. For example, civilians conducting direct actions abroad or training and equipping foreign troops are mercenaries because they are performing uniquely military functions. Not all contractors in conflict zones are mercenaries. For example, Federal Express, a courier company, is not a mercenary firm if it delivers a parcel to a war zone because logistical supply is not an exclusively military task. Some police work may be considered mercenary, if it operates in a para-military manner. Many armed forces around the world perform domestic missions, and the private sector version must be viewed from this perspective. In general, only privatized military tasks earn the label “mercenary.”

There are five characteristics that distinguish mercenaries from soldiers and armed non-state actors, such as terrorists. There will always be exceptions to these five features, but they serve as a good test of whether an armed actor is a mercenary or not:

1. Mercenaries are motivated more by profit than politics. This is not to suggest that all mercenaries disregard political interests and serve merely at the whim of the highest bidder, but they are fundamentally profit-maximizing entities.

2. Mercenaries are structured as businesses, and some of the large mercenary corporations have even been traded on Wall Street and the London Stock Exchange, such as DynCorp International and Armor Group.

3. Mercenaries are expeditionary in nature, meaning they seek work in foreign lands rather than provide domestic security services. There are exceptions to this, especially when it comes to homeland defense, but in general mercenaries are foreign focused and are not domestic security guards.

4. Mercenaries typically deploy force in a military manner, as opposed to a law-enforcement one. The purpose of military force is to violently defeat or deter the enemy, while law enforcement seeks to de-escalate violent situations to maintain law and order. This intrinsically affects how they operate.
5. Mercenaries are lethal and represent the commodification of armed conflict. Soldiers and politically motivated armed non-state actors do not seek to marketize war for profit.

Who hires a mercenary does not change their status. For example, some experts have argued that mercenaries employed by legitimate states make mercenaries legitimate too.³ This was a common claim during the Iraq and Afghanistan wars, when the U.S. hired thousands of armed civilians to supplement troop levels. By this same logic, the Wagner Group would be considered legitimate, yet few experts would agree. Those who interject “legitimacy” into their analysis only reveal their national biases. Clientele do not change the nature of mercenaries.

A mercenary today is the same as it ever was: An armed civilian paid to do uniquely military operations in foreign wars. Labelling them anything else only stultifies analysis, circumvents law, and bounds public discourse. These conflict entrepreneurs are motivated chiefly by profit rather than politics, and this can distort war outcomes in dangerous ways.

A Peak Behind the Curtain

Little is publicly known about the cagey world of mercenaries because it is an illicit, non-transparent economy. Government intelligence agencies ignore mercenaries. Journalists’ and academics’ investigations are thin because the industry is media-phobic, owing to the clandestine nature of its work. Reporters are rarely able to interview mercenaries, and can only record events surrounding the industry. Academics depend almost entirely on the work of journalists for their analyses, and too often contort their findings with inappropriate theory. Mercenaries operate behind a wall of secrecy because their business depends on it, making examination difficult.

Below is an optic into the mercenary world. It is not comprehensive, but such a study is not feasible. Mercenaries are an illicit economy, like drug-traffickers and terrorist networks, and they resist investigation. What follows is informed by non-attributional interviews with active members of the industry, the author’s 15 years of closely monitoring this issue, and his own experiences inside the industry.

Mercenaries are not the caricatures depicted in movies. They are complex people, like all of us. It’s true that some seek the lifestyle because they want to go rogue and leave the
human race, but most do not. When I was in the field, I met guns for hire with all sorts of stories: some wanted adventure, others needed a paycheck, a lot were more comfortable with war than peace, a few wished to help others (amazing but true), and many just didn’t have a life plan.

Being a military contractor has its practical appeals too. A lot of American troops were deployed multiple times to Iraq and Afghanistan. Meanwhile, their home life was imploding: wife living with another man and filing for divorce, kids not recognizing their dad, personal bankruptcy and post-traumatic stress disorder (PTSD). Rates of suicide, divorce and domestic violence spiked among service members during the Iraq and Afghanistan wars. If a soldier refuses to go on deployment, he is court martialed. By contrast, a contractor can always say “no thanks” to a job. A lot of American contractors I met signed up because they wanted their life back.

Almost all mercenaries have military or national police backgrounds. There are no mercenary basic training camps, so everyone starts somewhere else, usually in a national army. Some of the larger military companies are associated with particular military units. In the U.S. market, for example, Military Professional Resources Inc. (MPRI) was mostly 82nd Airborne Division vets back in the 1990s and early 2000s, until it was bought by L-3. Triple Canopy was founded by ex-Delta force soldiers and its name refers to the U.S. Army’s three elite tabs — Special Forces, Ranger and Airborne — worn on the uniform’s left sleeve, signaling a super-elite soldier. Troops joke they look like three parachute canopies, one above the other, hence the moniker “triple canopy.” Blackwater was founded by former Navy SEALs and the name refers to covert underwater missions at night, nicknamed “blackwater” operations because there is zero-visibility. A lot of military firms embed dog whistles to signal their credentials to attract high-end troops.

The author has never met or heard of a female mercenary.

Common Mercenary Services

Today’s mercenaries offer a plethora of skillsets, but they all provide a few basic across most of the domains of war. In strategic theory, there are five domains of war: land, sea, air, space and cyber. In less than 20 years, private force has proliferated among every domain
except space, but that too may change. Space is already privatized with companies like SpaceX, and it is possible that private armed satellites may one day orbit the earth. Mercenaries are most prevalent in land, sea, cyber and air, in that order.

Most people are familiar with land mercenaries, but there are mercenaries on the sea as well, similar to privateers two centuries ago. International shipping lines hire them to protect their ships travelling through pirate waters in the Gulf of Aden, the Strait of Malacca and the Gulf of Guinea. Here’s how it works. Armed contractors sit on “arsenal ships” in pirate waters and chopper to a client freighter or tanker when called. Once aboard, they act as “embarked security,” hardening the ship with razor wire and protecting it with high-caliber firepower. After the ship passes through pirate waters, the team returns to their arsenal ship and await the next client. The industry is based in London, are overt actors, and seeks accountability through ISO 28007 certification. Others would like to see true privateers: private naval vessels that could hunt and kill pirates. Americans will be pleased to know that Congress is authorized to hire privateers under Article 1 section 8 of the Constitution, and this could prove more efficient than sending navy destroyers after pirate zodiacs.

There are mercenaries in cyberspace, called “hack back” companies. These computer companies attack hackers, or “hack back” those who assail their client’s networks. Hack back companies cannot undo the damage of a network breach, but that’s not the point. They serve as a deterrent. If hackers are choosing targets, and they know that one company has a hack back company behind it and the other does not, they select the softer target. Also known as active defense, this practice is currently illegal in many countries, including the U.S., but some are questioning this edict since the National Security Agency offers scant protection for non-government entities. For example, the WannaCry ransomware attack in 2017 infected more than 230,000 computers in over 150 countries. Victims included the UK’s National Health Service, Spain’s Telefónica, Germany’s Deutsche Bahn and U.S. companies like Federal Express. If countries cannot protect their people and organizations from cyber-attack, then why not allow them to protect themselves?

Currently, mercenaries use off-the-shelf drones for aerial reconnaissance. It would not be difficult to rig these drones into flying improvised explosives. A kamikaze drone swarm
against an individual would be cheap to do and difficult to defeat, lowering the bar for assassination.

Regardless of domain, mercenaries can all offer some version of the below core services:

1. **Training.** Mercenaries can improve a client’s existing security forces or build a new one. The author honed Burundi’s elite Presidential Guard, and helped build Liberia’s military “from scratch.” This required buying and shipping arms from Eastern Europe. Training and equipping are staples of today’s military industry. Some companies go beyond “train and equip” and are capable of sophisticated programs that include disarmament, demobilization, and reintegration (DDR), security sector reform (SSR), human rights vetting, strategic advising, and defense institution building.

2. **Defensive Services.** Mercenaries can protect a client’s people, places and things. These are a few types of defensive operations. First is static defense, such as guarding oil pipelines or client compounds in hostile territory. Second is mobile security for moving people, and convoy security for transporting cargo through high-risk environments. Third are personal security details, or body guard work, in dangerous places. Some firms offer specialized skills such as maritime security, bomb detection and disposal, demining and unexploded ordnance removal, or bug sweeps, known as technical surveillance counter measures or TSCM. The niche market is broad.

3. **Strategic Reconnaissance.** This involves walking the ground, usually in a denied area, to gain information or “ground truth.” Sometimes this is the only way to learn what’s actually happening. Examples include verifying an asset exists like a copper mine, profiling an opposition group, or probing someone’s defenses. Here, overt and covert actors differ (see below). Overt companies will avoid violating the law and will not conceal their identity if caught, making their services feeble. Covert actors will infiltrate hostile territory under false pretenses, may violate laws, and will conduct necessary clandestine actions to achieve the mission.
4. **Direct Action.** These are offensive military operations, often covert. This includes search and destroy missions, seizing denied assets by force, capturing specified people, rescuing friendlies in hostile territory, ambushing a target or raiding an adversary’s territory. People can die.

**Overt Versus Covert Actors**

A dangerous trend is occurring in today’s market for force: bifurcation. Modern soldiers of fortune have a choice between two groups of private military actors — overt or covert — and the latter appears to be “winning.” This is important because it may influence the future of war and international politics, specifically who, how, and why people fight.

Overt private warriors seek legitimacy and wish to work in the open. They rebuff the mercenary label and call themselves private security companies, advocating full transparency and accountability according to ISO 28007 and ISO 18788 business standards. These firms operate in the spirit of the “The Montreux Document” of 2008 that asserts international legal obligations and a series of “good practices” for both force providers and their clients. The chief facilitating organization is the International Code of Conduct Association (ICOCA), a Swiss initiative that further develops industry standards that comply with human rights and international law. Its members, observers, and affiliates constitute the main body of “overt actors.” Examples include companies like Hart, Janus Global Operations, Olive Group and Chenega-Patriot Group. Some, like GardaWorld and Aegis, even undergo third-party audits and certification processes in accordance with the American Society for Industrial Security’s PSC.1 standards. From a company’s perspective, the business model is simple: If you get certified as quality, marquee clients such as the U.S. and big oil companies are more likely to hire you. Much of this business takes place in Washington, New York, London and Dubai.

However, overt actors may disappear. Many in the industry view PSC.1 and ICOCA standards as useful marketing rather than a commitment to best practices. Or put another way, it is busy work good for public relations and little else. A few CEOs confided in me their frustration with the certification process as too much burden for too little reward. Like Corporate Social Responsibility, companies will abandon these efforts if the cost-benefit ratio turns negative.
The overt business model is struggling, as marquee clients do not seem more likely to hire certified security providers. Or they are hiring less security than ten years ago. In interviews, ICOCA staff are aware they need to drive up the demand signal to keep their membership engaged, but demand for overt or “legitimate” private security firms has severely dipped since the U.S. left Iraq and has reduced its footprint in Afghanistan. This situation is driving the entire industry underground, as they seek new opportunities from clients not interested in transparency.

If this trend continues, it would likely end the world’s best effort to develop an open and accountable market for force. If market actors “went underground,” it would encourage secret wars with scant regard for human rights or anything else. War could get medieval. The only way to prevent this future is counter-intuitive. Governments, international organizations, NGOs and other clients who claim they want a responsible private security sector should consider employing overt actors, rather than let them literally slip to the dark side. Customers can pool their market power, like a cartel, to enforce their best practices. Alternatively, a powerful consumer like the United Nations could use its market power to do the same. This would shape the industry in fundamental ways, but this opportunity is fading as ICOCA struggles.

The covert side of the market for force is far more dangerous. Think of them as traditional mercenaries. They operate in the shadows and offer lethality at competitive rates. Few know the identity of the mercenaries operating in Syria, Ukraine, Nigeria, Yemen and elsewhere. Fewer know who exactly retained them and what they paid. Underground soldiers of fortune are employed for many reasons. Some consumers, like oil companies, want mercenaries because they have no security forces of their own, and renting them may be preferable to relying on corrupt and incompetent host nation forces. Others, like Nigeria, have security forces but need a niche capability, such as Mi-24 Hind attack helicopters or Special Operations Forces teams. Still, others hire mercenaries to do things they don’t want their own people doing, like human rights abuse. Historically, plausible deniability has always been a strong selling point of soldiers for hire.

How Do You Hire Mercenaries?
Overt actors seek public channels to win business, and recruit via website. Covert operators are a word-of-mouth business. Mercenaries form informal networks and rely on trusted colleagues to vouch for their hires. Contrary to Hollywood depictions, reputation is the primary currency in the mercenary world, with money second. Those who forget this get burned. In 2004, mercenaries attempted a takeover of oil rich Equatorial Guinea. Known as the Wonga Coup, it failed owing to poor operational security. An individual recruited for the coup told South African, British and American authorities of the plan, leading to the arrest of most of the mercenaries.

A key problem in a word-of-mouth business are charlatans, and the mercenary world has many. Good recruiters can spot them with a few qualifying questions, such as: What unit were you in? What years? Who was your commander? What operations did you conduct? Did you know Sergeant Bill Smith? What was he like? Also, detailed questions about training works well too. For example, if someone claims they graduated from the U.S. Army’s Jungle Warfare School, having them describe what they did on a day-to-day basis easily separates the frauds from the qualified. You can’t fake it. However, this method does not scale well for large recruitment drives.

There are two ways to find work as a covert mercenary. The first is being pulled into a contract by people you already know. When a mercenary leader initiates an operation, they first recruit by tapping their network. Mercenaries form informal networks based on shared military background, contacts, cultural identity, language and so forth. There are four major mercenary networks today, organized around command language (the language in which orders are given): English, Russian, and Spanish. There is a fourth network in Africa comprised of Executive Outcomes “alumnae,” and they were tapped by Nigeria in 2014 to battled Boko Haram. There are lesser networks around French, Polish, Hebrew and other command languages. China has a small market share but could dominate the industry by sheer numbers, should it develop an active mercenary network. However, China has significantly less battle tested veterans, unlike English, Russian and Spanish ex-soldiers, making them uncompetitive. Mercenaries hired only by Beijing are less “mercenary,” and more akin to the French Foreign Legion.
The second method of employment is showing up. A lone soldier of fortune could arrive at a conflict market (AKA a war zone) and look for vacancies. Places like the Middle East, Sub-Saharan Africa and Afghanistan are typical today. Mercenary hangouts have included Irbil, Kampala, Abu Dhabi and Dubai — generally any place that affords easy access to war zones yet has some international presence. However, this can be a dodgy way to find work because contract enforcement is problematic in illicit economies. It is better to be pulled into a contract by a trusted associate than submitting to happenstance. Worse, you could be mistaken for a journalist doing an undercover story or a UN researcher. Covert mercenaries hug the darkness and may thump those who threaten to expose them. Conflict areas are not known for their rule of law, and few ask about people who disappear.

Outside observers often assume mercenaries get paid huge sums of money. This is inaccurate, although exceptions exist. Overt actors pay less than covert ones, but offer steadier work. During the Iraq War, contractors typically made about twice their old military salary, which is not much if you think about the risks. For example, wounded contractors get immediate first aid but are otherwise sent home to fend for themselves. Nor do contractors enjoy a pension or veteran benefits. The money on the convert side is bigger, but so are the risks. An elite mercenary can earn four figures a week — usually in U.S. dollars, typically through the British Virgin Islands or other places with strong bank secrecy laws and weak extradition practices. There are rumors that former U.S. Navy SEALs can make up to $10,000 a day working for Abu Dhabi on Yemen issues; if this is true, it’s exceptional.

One of the oldest problems of the trade is contract enforcement. In other words, getting paid. There are no courts to sue in, and consequently mercenaries and their masters swindle each other. The Middle Ages and early Renaissance were full of such scandal, as Machiavelli can attest. Today, some mercenaries and clients overcome the problem of trust by forming joint ventures in mutual business interests. This may sound odd, but it aligns their profit motives. For example, Executive Outcomes secured diamond mines from a rebel group in Sierra Leone and was paid in cash and shares in the mines’ profits. More recently, the Syrian government offered oil and mining concessions to Russian oil companies and their mercenaries, like Wagner Group,
on the condition that they liberate them from ISIS. Going into business together creates a sticky bond that helps guarantee good behavior all around.

Again, the distance between overt and covert actors is minimal: If you can do one, then you can do the other. The qualifications are similar and the core personnel swappable. The main differences between them are market circumstances and will of the individuals involved. If the overt market continues to dwindle, then expect some (many?) of those force providers to become covert actors. Current trend lines indicate covert actors will monopolize the market for force.
2. Mercenary Clientele

Who is hiring mercenaries today? Private force has become big business, and global in scope. No one truly knows how many billions of dollars slosh around this illicit market. All we know is that business is booming. Recent years have seen major mercenary activity in Yemen, Nigeria, Ukraine, Syria, and Iraq. Many of these for-profit warriors outclass local militaries, and a few can even stand up to U.S.’s most elite forces, as the battle in Syria shows.

The United States is perhaps the biggest consumer of mercenary force in recent years, with its heavy use of military contractors in the Iraq and Afghanistan wars. Experts may quibble whether companies like Blackwater and DynCorp International are truly “mercenary” (I believe they are) but this is beside the point. What matters is that the U.S. created a global labor pool of military contractors who found new employers as the U.S. pulled out of foreign wars.

In the course of ten years, the world of mercenaries has moved past Blackwater in Iraq, transforming into a far deadlier and truly free market for force. When the U.S. was the main consumer, the market was a monopsony, a marketplace with a single buyer. As such, the U.S. had market power to shape norms and expectations. Now that the U.S. has largely withdrawn from its wars abroad, the market has transformed into an open market for force, with multiple buyers and sellers of armed conflict. Supply and demand have diversified to meet the needs of the market, creating a new situation that is wholly different than what the world witnessed in Iraq and Afghanistan.

On the supply side, the U.S. marshalled a global labor pool of mercenaries. Thousands of mercenaries got their start in Iraq or Afghanistan, and when those wars shrank, they set out looking for new conflict markets (AKA war zones) around the world, enlarging the wars there. The wars in Iraq and Afghanistan allowed the private military industry to mature, with networks of mercenaries established and some modicum of best practices. Others are imitating the American model, and every day new private military groups emerge from countries like Russia, Uganda, Iraq, Afghanistan and Colombia. Their services are more robust than Blackwater, offering greater combat power and the willingness to work for the highest bidder with scant regard for human rights. They are mercenary is every sense of the word.
On the demand side, many around the world are imitating the American model, and escalating it. Having a superpower rely so heavily on military contractors for nearly 20 years in two wars has de facto legitimized the use of mercenaries. Now states and non-state actors everywhere are partaking of this growing market. The Middle East is awash in mercenaries. The United Arab Emirates secretly dispatched hundreds of special forces mercenaries to fight the Iranian-backed Houthis in Yemen. Hailing mostly from Latin-American countries like Colombia, Panama, El Salvador and Chile, they were veterans of the drug wars, bringing new tactics and toughness to Middle East conflicts. They were a bargain too, costing a fraction of what an American or British mercenary would charge, so the Emirates hired 1,800 of them, paying two to four times their old salaries. Allegedly, African mercenaries are also fighting in Yemen for Saudi Arabia, and come from countries like Sudan, Chad and Eritrea. Elite American soldiers, like ex-army Green Berets and ex-navy SEALs, fight in Yemen for middle eastern monarchies. Private force has proven a useful option for wealthy Arab nations, particularly Saudi Arabia, Qatar and the Emirates, that want to wage war but do not have an aggressive military. Their mercenaries have fought in Yemen, Syria and Libya in recent years.

Turning profit motive into a war strategy, Syria rewards mercenaries who seize territory from terrorists with oil and mining rights. At least two Russian companies have received contracts under this policy: Evro Polis and Stroytransgaz. These oil and mining firms then hired mercenaries to do the dirty work. For example, Evro Polis employed Wagner Group to capture oil fields from ISIS in central Syria, which they did. Reports show there are about 2,500 Russia-bought mercenaries in Syria. Russia also uses them in Ukraine, and the Ukrainians fight back with their own mercenaries. The war there is awash in Russian, Chechen, French, Spanish, Swedish and Serbian mercenaries, fighting for both sides in eastern Ukraine's bloody conflict.

Mercenaries were ubiquitous in the Ukraine conflict. Companies like the Wagner Group conducted a wide range of secret missions, all denied by the Russian government. Wagner Group acted as enforcers to weak-kneed pro-Russian separatists groups operating in Eastern Ukraine. These separatists groups are largely seen as “astroturf” creations of the Russian government rather than organic “grass roots” freedom movements. If separatist leaders showed signs of quitting, the Wagner Group allegedly coerced them to continue the fight. The
Wagner Group is rumored to play a similar role with the Venezuelan military’s support for President Maduro.

In 2014, Nigeria secretly hired mercenaries to solve a big problem: Boko Haram. This Islamic terrorist group fights to carve out a caliphate in Nigeria, and the Nigerian army fights back, its methods no better. There is a saying in Africa: When elephants fight, the grass gets trampled. Tens of thousands of people were killed, and 2.3 million more were displaced from their homes. Boko Haram abducted 276 schoolgirls for “wives,” many of whom were never seen again. International outrage was swift but impotent.

That’s when the Nigerian government secretly turned to mercenaries to root out Boko Haram within the country’s territory. These mercenaries were not the lone gunmen of B-grade movies, but a real private army. They arrived with special forces teams and Mi-24 Hind helicopter gunships — flying tanks. Working alongside the Nigerian military, they drove out Boko Haram in a few weeks. The Nigerian military alone could not achieve this task in six years. Some wonder if we should hire mercenaries to hunt and kill terrorists in the Middle East, given the slow progress of national armies and UN peacekeeping forces there.

Some expect Latin America might open up, given the drug wars and fractured states like Venezuela. The Trump administration recently placed a $15 million bounty for the arrest of Venezuelan President Maduro for drug trafficking, which will attract mercenaries. If it is successful, we should expect others may imitate this practice, just as they have with the U.S.’s reliance on private force in Iraq and Afghanistan.

The number of countries hiring mercenaries will likely increase, as it has been doing for the past 30 years. Every year more and more governments hire them. First it was the United States, and then Russia. Now countries in the Middle East and Africa are turning to private force for their security needs. This trend has de facto legitimized private force. It’s only a matter of time before everyone hires mercenaries, as was done just a few centuries ago. Even the UN might employ private force to augment its anemic peacekeeping missions. If this trend continues, more states will rent private armies, commodifying conflict worldwide. This condition will only breed more mercenaries, as supply rushes to meet demand.
Why Hire Mercenaries?

The mercenary trade is growing because mercenaries offer what clients want. It’s simple supply and demand. One attraction is the industry’s covert nature. When you want to keep a secret, sometimes the private sector is murkier than government agencies. In the U.S., for example, researchers possess tools to investigate public sector actors like the military and CIA, using the Freedom of Information Act, public hearings on Capitol Hill. Alternatively, they cultivate leakers and other “unnamed sources” for information. Leakers are ubiquitous in Washington, and rarely held accountable.

Not so in the private sector. Private military companies hide behind “proprietary knowledge,” claiming every piece of information is a trade secret. Even employees’ emails are considered proprietary, no matter how trivial. These firms fire employees who talk to the press, and sometimes large firms threaten media outlets with multimillion dollar lawsuits to chill free press. Government agencies do not do this, as evidenced by the landslide of military memoirs of secret operations during the Iraq and Afghanistan wars.

An example of the public sector’s laxness is *No Easy Day: the Firsthand Account of the Mission That Killed Osama Bin Laden*. The book was written by Navy SEAL Matt Bissonnette under the pen name Mark Owen about the highly classified mission to kill Bin Laden. The Department of Defense did nothing. At least not immediately. Four year later they ordered Bissonnette to return his royalties of $6.8 million to government, but Owen was not tried as a felon for releasing classified information.

If you want to keep a government secret, sometimes the private sector is better than the Pentagon or CIA. This is attractive to some officials, and a way of circumventing democratic accountability of the armed forces. For example, take the problem of mission creep. The Department of Defense uses contractors in war zones to get around Presidentially mandated troop caps, since contractors do not count as “boots on the ground.” In 2016, President Obama capped troop levels in Afghanistan at 4,647. By 2017, that number creeped to 9,800 troops, supported by more than 26,000 contractors — nearly a 3 to 1 ratio. Contractor enable mission creep by allowing the Department of Defense to “do more with less,” although it erodes civilian control of the military.
Plausible deniability is another reason why the industry is flourishing. When a job is too politically risky, contractors are sometimes used because they can be disavowed if the mission fails. Not so with the CIA or military. Special operations forces and CIA operatives do not get left behind, and this can be embarrassing for a nation caught running covert operations. Contractors can be abandoned with minimal political fallout. Americans do not fuss over contractor casualties, unlike dead marines. Tellingly, Senator Obama sponsored a bill in 2007 to make armed contractors more accountable that President Obama later ignored. Russia uses mercenaries like the Wagner Group in Ukraine and Syria, while denying involvement in those countries. Nigeria initially repudiated media reports of them employing mercenaries against Boko Haram, until it became too difficult to deny. Contractors are invisible people, making them a stealth weapon in more ways than one.

Contractors are also cheaper, just as they have been for thousands of years. Renting is cheaper than owning, and business excels at efficiency compared to the public sector. The U.S. Congressional Budget Office, a watchdog agency, found an infantry battalion at war costs $110 million a year, while a comparable private military unit totals $99 million. In peacetime, the costs savings are even greater; the infantry unit costs $60 million, and the contractors cost nothing since their contract would be terminated. From 1995 to 1997 Executive Outcomes was paid $1.2 million a month to put down a rebellion in Sierra Leone — which it did — whereas UN forces swallowed up $47 million a month doing nothing.

The cost of these cost savings may come at a high price. Mercenaries are not like army reservists, whom you use when you need and ignore when you do not. Military contractors do not reintegrate into the civilian workforce after the war but instead look for new employers because they profit-maximizing entities. Worse, linking profit motive with killing encourages more war and suffering, making another Nisour Square incident inevitable.

There are many reasons why contractors are a growth industry, but most of them are dubious. Many national security establishments dismiss the issue, but the trend is clear. Forty years ago, the idea of a nation-states hiring armed contractors was anathema to policy makers. Now it is becoming routine as the United States, Russia, Nigeria, and the Emirates show. A global free market for force is gradually emerging.
3. Non-state Actors and Mercenaries

Mercenaries are increasingly working for non-state clients, and this trend is detaching war from the domain of states and the state-based system. Already multinational companies, NGOs and even terrorist groups have hired private force. The nexus between mercenaries and other illicit groups is concerning because one fuels the other, in a supply and demand logic. As Secretary-General António Guterres put it: “Mercenary activities have evolved, and today, they feed off transnational organized crime, terrorism and violent extremism.”

Multinational corporations are the biggest new clients of mercenaries, especially the extractive industries. From an oil company’s perspective, hiring mercenaries makes good business sense. For decades, companies have been tethered to corrupt or inept governments for their security, risking the lives of their employees and losing money. In 2013, terrorists attacked a natural gas facility in Algeria operated by BP and Statoil, killing forty employees. This would not have happened if the oil companies had mercenaries guarding the site. Increasingly, companies are turning to private force for their security needs. For example, mining giant Freeport-McMoRan employed Triple Canopy to protect its vast mine in Papua, Indonesia, where there is a separatist insurgency. The China National Petroleum Corporation contracts DeWe Security to safeguard its assets in the middle of South Sudan’s civil war. Someday perhaps large corporations will hire private armies in the tradition of the British East India Company.

Even terrorists hire mercenaries. Malhama Tactical is based in Uzbekistan, and they only work for jihadi extremists. Malhama’s hired guns are all Sunni, but not all are not ideological like their clients. Their services are standard for today’s market, functioning as military trainers, arms dealers or elite warriors. Most of their work is in Syria for Nusra Front, an al Qaeda-affiliated terrorist group, and the Turkistan Islamic Party, the Syrian branch of a Uighur extremist group based in China. In the future, jihadis may hire mercenary special forces for precision terrorist attacks.

If terrorists can hire mercenaries, why not humanitarians? Non-governmental organizations (NGOs) like CARE, Save the Children, CARITAS and World Vision are increasingly
turning to the private sector to protect their people, property, and interests in conflict zones. Large military companies like Aegis Defense Services and Triple Canopy used to advertise their services to NGOs, and NGO trade associations like the European Interagency Security Forum and InterAction provided members with guidelines for hiring them.

What’s to stop a billionaire from buying a humanitarian intervention in the future? Stopping atrocities would leave quite the legacy. In 2008 Mia Farrow, the millionaire actress, approached Erik Prince, the founder and CEO of Blackwater, to end the genocide in Darfur, Sudan. The plan was simple. Blackwater would stage an armed intervention in Darfur and establish so-called islands of humanity: refugee camps protected by mercenary firepower. These would be safe havens for refugees fleeing the deadly *janjaweed*, gunmen who massacre whole villages in Darfur. During this time, Farrow would commission a human rights NGO to mount a global name-and-shame campaign to goad the UN into a robust Chapter VII mission to end the genocide. Ultimately, Farrow chose not to go through with the plan, but that’s not the point. The plan was feasible, and anyone with money could pull it off, even more so now because mercenaries are more plentiful and willing.

Oligarchs hire mercenaries to defend their private security interests. For example, Ukrainian billionaire Igor Kolomoisky employed mercenaries to capture the headquarters of oil company UkrTransNafta during Russia’s ghost occupation in 2014. Kolomoisky used his private militia not to protect Ukrainians or Ukraine, but rather his financial assets. Like Washington and Moscow, oligarchs refrain from the word “mercenary,” instead calling their private militias the “Dnipro Battalion,” “presidential armies,” or other euphemisms.

The nexus of transnational criminal organizations and mercenary firepower is a space to watch. So far, there is little evidence that criminal overlords are turning to the market for force because they have their own muscle. However, the potential is high. If one group retained mercenaries, it could launch a mercenary arms race between rivalrous organization. If a drug war occurred, civilian deaths could skyrocket. In Mexico, 11,155 people were killed in drug-related violence during first five months of 2017, about one every twenty minutes. How many more would have died if cartels had attack helicopters and private military regiments? Assuming this could not happen in the future because it has not happened in the past is folly.
“Merc-States”

Mercenaries can also go into business for themselves, as they have done so throughout history. Why take orders when you can give them? As with narco-states and mafia states, strong mercenaries can coopt and even take over whole countries, turning them into “merc-states.” Mercenary overlords are not new. In the Middle Ages and Renaissance, mercenary captains often installed themselves as rulers, as happened in Perugia, Rimini, Urbino, and Camerino. One cunning mercenary nicknamed Sforza (“Force”) took over Milan and founded a dynasty that ruled it for almost a century.

Regions ripe for mercenary takeover are those rich in natural resources but weak in government. Such places are everywhere: the oil fields of Venezuela, the mines of the Congo, the timber forests of Liberia, the natural gas reserves of Yemen, and the sweet crude of Libya. Wherever there is war, natural resources, and someone willing to buy those resources, expect the potential for a merc-state. The world’s easy areas have all been mined or drilled, leaving only conflict regions untapped. This represents an opportunity for enterprising mercenaries. Some think the development of mercenary governments is impossible because it’s illegal, and they assume that the international community would rush to stop it. Don’t be so sure. The world is already moving in this direction, as evidenced by the rise of mercenaries and clients. A merc-state simply cuts out the middlemen.

How would mercenaries take over a state? Many ways. For starters, there’s the old-fashioned method of conquest. A well-armed mercenary cadre could carve out a piece of Somalia or Yemen, both of which have untapped oil and gas reserves owing to the durable disorder there. Alternatively, mercenaries could stage a coup d’état. Some coups are purely internal affairs, but many have outside help. Since 1950, there have been over two hundred successful coups, and thirteen world leaders in 2018 had seized control via firepower. Once installed, such leaders often declare themselves president for life and rule like feudal kings. Generals and warlords take over countries every day and get away with it, so why not mercenaries?

Alternatively, mercenaries could hijack a separatist movement in a resource-rich area, such as Katanga Province in the Democratic Republic of the Congo or Aceh in Indonesia. In this
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scenario, one overlord replaces another. The mercenaries initially side with the rebels, then turn on them after the government is expunged from the region. Once the mercenaries control the asset in question—uranium, oil, gas, copper, gold, cobalt, lithium, timber, diamonds—they then sell it on the black market or use shell companies to move it on the open market. The locals would serve as the workforce, little more than slaves.

A clever mercenary could also stage a palace coup and rule from behind the throne (or executive armchair). This option saves the hassle of an invasion by holding a leader hostage in his own capital, while subduing or bribing a country’s existing armed forces. This is called “praetorianism,” a name that comes from the infamous Praetorian Guard, the imperial bodyguard of the Roman emperors established by Augustus Caesar. But rather than protect the emperor, the guard often controlled him. During its three-hundred-year existence, the Praetorian Guard assassinated fourteen emperors, appointed five, and even sold the office to the highest bidder on one occasion. Why deal with the headache of running a state when you can make it someone else’s problem? Plus, you get a vote in the United Nations and look more legitimate in the eyes of other world leaders.

Private Intelligence Companies

Occasionally mercenaries are retained by private intelligence agencies, a related but different secretive world. Some companies like Aegis and Control Risks blend the two, at least in the past, offering integrated private military and intelligence services. Few have heard of private intelligence companies, and that is by design. They offer intrusive investigative services for corporate due diligence, litigation support, or the whims of their clients. A few are agents of plausible deniability, providing rare skills and acting as cut outs for clients. Owing to this, they shun publicity, rarely work for governments, and advertise by word of mouth with a minimal web presence. Examples of private intelligence companies include Hakluyt, Veracity Worldwide, and Black Cube. These are not PhDs estimating political risk by algorithm. Rather, they are ex-CIA, MI6, Mossad and others with experience working in tough places to obtain sensitive information, or what the industry calls “hard-to-get elicitation.”

Who needs their own CIA? Anyone dealing in dangerous places where everyone lies to you. For example, extractive industries working in the Middle East and Africa. The financial
services industry hires them for “exotic due diligence” investigations in highly corrupt countries. Insurance companies use on them for political risk analysis, especially regarding foreign country stability, nationalization of client assets, and likelihood of armed conflict. Law firms retain them for litigation support, and the super wealthy hire them for whatever they want. They are sometimes hired to spy on competitors and perform dirty tricks. Governments are the one client this industry will refuse. Private intelligence companies support commercial diplomacy that minimizes official involvement, and accepting government contracts would lose them private sector customers.

In terms of staff, most private intelligence agencies are small. Many are founded by ex-spooks, but their core staff often includes former journalists, FBI investigators, corporate lawyers, ex-military and fresh college graduates. Beyond this, they rely on a global network of sub-contractors or “stringers” for project work. Stringers can range from a retired CIA Chief of Station to an overseas journalist to a street urchin. Fees are expensive; a monthly retainer will cost you four to five figures and sometimes more, not including expenses. Due to the sensitivity of their work, these firms only deal with the C-Suite (e.g., CEO, COO), the General Counsel’s office and sometimes corporate security. The industry is based in New York City, London and Washington.

What private intelligence companies can accomplish is impressive and disturbing in equal measure. Like military companies, private intelligence firms shroud their offerings in euphemisms such as competitive intelligence, risk consulting, security management, strategic advisory services, exotic due diligence, and risk avoidance. What they really do is asset tracing and recovery, international investigations, threat assessment, facilitation or cut out services, corporate espionage, and “shaping operations” — manipulating situations in favor of client interests. Needless to say, these firms operate in the moral and legal gray areas of world affairs, similar to mercenaries. Perhaps this is one of the gravitational pulls between the two industries.

What little the public knows about private intelligence comes from their failures, which often makes national news. While not the best metric of success, it does provide insight into what these firms do:
1. **Corporate Espionage.** Spying is more than just observation; it’s about obtaining key information by any means necessary. In 2005, Guy Enright, an accountant for KPMG Financial Advisory Services in Bermuda, got a call from MI6 British intelligence. The man spoke in a crisp British accent, and said he needed information about a KPMG project that had national security implications for Britain. Enright, who was born in Britain, agreed to meet. Several meetings later, he was depositing confidential audit documents in plastic containers at dead drops for the MI6 officer. Except the spy didn’t work for her Majesty’s secret service but rather Diligence Inc., a Washington private intelligence firm. Diligence’s client was Barbour Griffith & Rogers, a formidable lobbying firm. Barbour Griffith’s client was a Russian conglomerate whose archrival, IPOC International Growth Fund Ltd., was being audited by KPMG’s Bermuda office.

2. **Sly Investigations.** When normal fact-finding techniques lead to a dead end or are politically unacceptable, seek out a private intelligence agency. In 2006, Hewlett-Packard suffered embarrassing media stories about internal deliberations. The company’s Chairperson suspected an insider threat and secretly hired Action Research Group to root out the leaker. They obtained the phone records of board members, employees and journalists by pretexting — calling up phone companies and impersonating individuals seeking their own records. They even considered sneaking into the San Francisco offices of The Wall Street Journal, posing as a cleaning crew, to snoop. Soon they discovered the leaker was a disgruntled board member.

3. **Opposition Research.** As the saying goes, keep your friends close and your enemies closer. That’s what Shell and BP did with Greenpeace, an activist environmental group that opposes big oil. They hired Hackluyt to infiltrate Greenpeace, which it did by sending in an undercover agent posing as a left-wing filmmaker to uncover secret plans Greenpeace was making against the oil companies. Undercover personnel can also act as agents of influence to change the minds of key leaders through subtle persuasion and disinformation. It’s not just activist groups either. These companies
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can infiltrate political parties, labor unions, rival companies, and governments. To a limited extent, they can even get inside armed groups and criminal networks by turning members through bribery or blackmail, or sending mercenaries on a strategic reconnaissance.

4. **Intimidation.** Harvey Weinstein was a titan of Hollywood, until his Icarus-like fall in 2017 when more than 80 women accused him of rape, sexual assault and sexual abuse over a period of 30 years. One of Weinstein's attorneys, David Boies, hired an Israeli private intelligence firm called Black Cube to halt the publication of sexual-misconduct allegations against Weinstein. Black Cube operatives used false identities to “get dirt” on accusers and reporters in order to bully them into silence. Similarly, someone hired Black Cube to disgrace the Iran nuclear deal in American politics. The firm’s agents were instructed to find damaging information on officials in the Obama White House who helped negotiate the deal, including unsubstantiated claims that they worked closely with Iran lobbyists for personal profit. However, both projects backfired and made headline news. Black Cube now has its own Wikipedia page, a deathblow in the private intelligence industry.

5. **Shaping Operations.** A firm is hired to achieve an outcome in a foreign country as specified by the client. For example, getting someone elected or unelected, getting a government to make a decision in favor of the client, or getting a client kick out of a country.

These are the failures of private intelligence; their successes are impressive and terrifying. Expect both the mercenary and private intelligence industries to grow commensurately with wealthy non-state actors in coming decades. The global .01 percent is evolving into a new class of world power as military and intelligence capabilities are privatized and available in the marketplace. These twin industries — private military and intelligence — allow the Fortune 500 and Forbes’s list of billionaires to become armed and dangerous.

* A New Class of World Power?

In the future, megacorporations and the global 1 percent will invest in their own security, given that mercenaries will be available and de facto legitimized. We are entering a
reality in which anyone with enough money can rent a military to do whatever he or she wants: start wars, end them, seize other people’s property, murder whole groups of people or save them. What makes this possible is the enabling power of mercenaries. When anyone can hire mercenaries to wage war, the ultrarich will can become a new kind of power in world affairs.

This may sound preposterous, but it’s not. Actually, it’s the law of supply and demand. War is becoming marketized, and mercenary supply will attract new demand through the invisible hand of the marketplace. But that demand won’t just be states; it will be anyone who has money and wants security. That’s a lot of people. We live in an increasingly insecure world, and mercenaries sell security. Clients will emerge, and some will grow powerful in the decades to come. They will become a new ruling class in international relations.

Who will be in this new class of world powers? The global 1 percent, for starters. In 2015, just sixty-two individuals possessed more wealth than the poorest half of the planet. In other words, a busload of tycoons owns more than 3.6 billion people, combined, making these magnates the 0.000002 percent. The consolidation of apex wealth is a growing trend. In 2010, there were three hundred eighty-eight billionaires whose wealth was equal to the bottom half of humanity; now it’s sixty-two. In 2017, Credit Suisse revealed that the richest 1 percent have now accumulated more wealth than the rest of the world put together.\(^\text{12}\) Private force allows Forbes’s list of billionaires and the Fortune 500 to become armed and dangerous. Already they are more powerful than most states. According to the World Bank, the top one hundred economies comprise thirty-one countries and sixty-nine corporations. Walmart has the world’s tenth largest economy, ahead of India (twenty-four) and Russia (thirty).\(^\text{13}\) We should assume some of these entities will have security interests and will defend them with mercenaries, as states do today with their national forces.

When the super-rich become superpowers, what might it look like? The British East India Company may prove instructive. For all the power wielded today by the world’s largest corporations—whether ExxonMobil, Walmart, or Google—they are tame beasts compared with the British East India Company. Founded in 1600 as a joint stock company, it became the greatest corporation in the history and the original corporate raider. One of the very first Indian words to enter the English language was the Hindustani slang for plunder: “loot.” In its 275-year
run, the company conquered India for the British crown, although at times it was hard to distinguish who served whom.

What made the British East India Company powerful was its private military. With its own armed forces, it conducted the military conquest, subjugation, plunder, and rule of a subcontinent, while fending off its European rivals. By the turn of the nineteenth century, the company boasted a mercenary army of 150,000 soldiers and 122 ships of the line, the larger ones mounting up to forty guns, a match for all but the most powerful enemy warships. However, in a warning to tomorrow’s aspiring superpowers, maintaining this private military bankrupted the company.

The world will change when private parties can hire an army to do their bidding. The implications are significant because it will change who, how, and why people fight, and this will transform the distribution of power within the international system. The super-rich, large corporations, and wealthy illicit groups could become a new kind of global power, leaving fragile states vulnerable. International relations as we know it — state-on-state engagement — will be under threat, because private force will enable new superpowers that are not states.
4. Implications for International Relations

After 150 years underground, mercenaries are returning in just a few decades. Their numbers seem to be growing at an alarming rate. New consumers are appearing everywhere, seeking security in an insecure world: states like Nigeria defending their territory against terrorists, states like Russia invading neighbors, oil and mining companies guarding their assets, shipping lines defending their vessels against pirates, humanitarian organizations protecting their workers in dangerous locations, oligarchs who want professional muscle, terrorists who want help, and the super-rich for any reason you can think of, no matter how petty. Should this trend continue — and there is no reason to assume it will not — how might it influence world affairs?

The return of mercenaries coupled with the rise of clientele will produce a new kind of threat — private wars — that threaten chaos. Mercenaries commodify conflict, which is literally the marketization of war. In conflict markets, military force can be bought and sold like any other commodity. It is an ancient form of armed conflict that modern militaries have forgotten how to fight. Should this trend develop, the superrich can become superpowers, leading to wars without states. In such a world, states will be mere prizes to be won rather than agents of their own destiny. This has the potential to up-end international relations as we know it.

Privatizing war distorts warfare in shocking ways. If conflict is commoditized, then the logic of the marketplace and the strategies of the souk apply to war. A souk is an Arab open market, and a good analogy for how private wars work. In a souk, everything is up for sale and must be bartered. Anything goes. Fraud, deception, deceit and hard bargaining are the watchwords. But so are value, rare finds, and exotic merchandise. Treasures are to be had, and for cheap — if one knows what one is doing. If not, expect to be scammed; this unregulated space is not for amateurs. There are no refunds, returns or exchanges. Only street savvy buyers should engage, and the best advice is also the oldest: *caveat emptor*, Latin for “let the buyer beware.” In the context of war, the implications are grave, as Machiavelli warns us.
What does private warfare look like in practice? It is the way of the mercenary, and they do not like to work themselves out of a job. The 14\textsuperscript{th} century Italian writer Franco Sacchetti tells a story that captures the perversion of private warfare:

Two Franciscan monks encounter a mercenary captain near his fortress.

“May God grant you peace,” the monks say, their standard greeting.

“And may God take away your alms,” replied the mercenary.

Shocked by such insolence, the monks demand explanation.

“Don’t you know that I live by war,” said the mercenary, “and peace would destroy me? And as I live by war, so you live by alms.”

“And so,” Sacchetti adds, “he managed his affairs so well that there was little peace in Italy in his times.”\textsuperscript{14}

Privatizing war changes warfare in dangerous ways. First, private war has its own logic: Clausewitz, the father of modern military strategy, meets Adam Smith, the father of economics. For-profit warriors are not bound by political considerations or patriotism, one of their chief selling points. They are market actors, and their main restraint is not the laws of war but the laws of economics. The implications of this are far-reaching. This introduces new strategic possibilities known to CEOs but alien to generals, putting us at risk.

Second, private war lowers the barriers to entry for war, making armed conflict more likely. Mercenaries allow clients to fight without having their own blood on the gambling table, and this creates moral hazard among consumers. Mercenaries are rented forces, and clients may be more carefree about going to war if their people do not have to bleed. Mercenary leaders might not care either, if they do not have to fight themselves and instead order others into combat. Private warriors are expendable humans, and this emboldens recklessness that could start and elongate wars.

Third, private war breeds war. It’s simple supply and demand, as mercenaries and their masters feed off each other. The marketplace works like any other: Mercenaries and clients seek each other out, negotiate prices, and wage war for private gain. This prompts other buyers to do the same in self-defense. As soldiers of fortune flood the market, the price for their
services drops and new buyers hire them for additional private wars. This cycle continues until
the region is swamped in conflict, as it was in Machiavelli’s day.

Private war’s inclination towards intensification is a result of its economic nature. Clausewitz observed the nature of absolute war is escalation; privatized warfare exemplifies
this because it is fueled by profit motive. On the supply side, mercenaries do not want to work
themselves out of a job. Instead, they are incentivized to start and elongate conflicts for profit.
Out of work mercenaries become marauders, preying on the countryside for sustenance and
artificially generating demand for their services. Sometimes they engage in racketeering and
extortion of the defenseless. There is abundant historical evidence for this. “We find that our
[mercenary] forces have cost the country a great deal and done much wanton damage,”
declared one ruler during the Thirty Years War. “The enemy could not have done worse.”

On the demand side, the availability of mercenaries means buyers who had not
previously contemplated military action can now do so. The world has already seen
multinational corporations, governments and millionaires hire mercenaries in past decade; that
was not the case two decades ago. The availability of private force lowers the barriers of entry
into armed conflict for those who can afford it, tempting even more war.

Fourth, private war creates a security dilemma. In such a dangerous environment,
buyers retain mercenaries for purely defensive purposes, but this can backfire. Other buyers
watch this and suspect the worst, namely a surprise attack, and procure twice as many
mercenaries for protection. This prompts the first buyer, who also assumes the worst, to buy
even more mercenaries, and soon an arms race ensues. The danger is when all sides escalate
and then unleash their forces. This lateral escalation creates a security dilemma because people
who do not wish to fight end up doing so anyway. More belligerents are possible in private wars
compared to public ones, and therefore there is more chances of this happening.

Fifth, weak contract enforcement and double-crossing is the bane of private warfare.
When mercenaries and their masters have a dispute, there are no courts of law to sue for
breach of contract. Instead, things are settled by blood and treachery. Greedy mercenaries may
wish to traitorously renegotiate their contract with violence, steal their client’s property or
accept bribes from the client’s enemies not to fight. Buyers who do not pay their bills may
become victims of their own mercenaries, unless they hire a bigger mercenary outfit to chase them off. But this also invites bigger problems. Since there are no laws of war in private warfare, market failure in this context means savagery.

Wars without states is the antithesis of conventional warfare, and why the world is unprepared for it. The Law of Armed Conflict rest upon the bedrock of a state-based world order, and do not conceive of wars without states. Modern militaries are equally unprepared, and “conventional war” is state-centric armed conflict. To most international jurists and national security establishments, the notion of “private war” is an oxymoron — a dangerously naïve oversight.

In truth, private warfare has been with us for millennia, even though it is forgotten by modernity. In a free market for force, business strategies meld with military ones. In other words, private wars are driven less by politics than by political economy. Owing to this nuance, international jurists and conventional strategic thinkers will have problems identifying private wars or devising ways to manage them. This puts the world at risk.

Private Warfare in Practice

History teaches us that private warfare is diabolical. To be clear, not all wars in the future will be marketized, but many will. Some will be political, fought by national armies or insurgents, but they might turn to mercenary help as it becomes available. Although, there is a risk that mercenaries hijack the war, and artificially the conflict for profit.

What do private wars look like? The Italian Wars (1494-1559) are instructive. They were dominated by mercenaries, since no one could afford their own standing army. Machiavelli tried this, and Florence paid for his imprudence in blood, getting crushed in 1512 because his patriotic militia stood no chance against professional mercenaries. The Italian Wars represent private warfare in extremis, but maximal examples make phenomenon more transparent. Still, the parallels between then and now are striking. For instance, back then mercenaries were called condottieri — literally, “contractors” — who agreed to perform military operations described in a written contract or condotte. Both modern and early contractors sold their services to the highest or most powerful bidder for profit, and operated in military units rather than as lone wolf mercenaries often depicted by Hollywood. Both filled their ranks with
professional men of arms drawn from different countries and loyal primarily to the paycheck. Both have functioned as private armies, usually offering land-based combat skills, rather than naval (or aerial) capabilities, and deploying force in a military manner rather than as law enforcement or police.

The Italian Wars teach us that cunning and deception are the watchwords of private warfare, lending itself more to the strategic ideas of Sun Tzu than Clausewitz. A full historical analysis of the Italian Wars is beyond the scope of this study, but key points can be gleaned. Below are unique ways to win private wars, divided between buyers (demand-side) and force providers (supply-side). The marketplace demands an asymmetry of strategy.

Buyers have ample opportunity to swindle mercenaries. Marketplace stratagems include: bribing the enemy’s mercenaries to defect, retaining all mercenaries in the area to deny the enemy a defense, and reneging on paying mercenaries once they complete the military campaign. Sometimes, clients hired a larger mercenary group on a short-term contract to chase off or kill unpaid mercenaries.

Wealthy clients can also wield market power to change the winds of war. For example, they can buy all the mercenaries available in a region, driving prices up, then dump them on the market, driving prices down and creating mayhem for enemy’s who are dependent on hired guns for survival. Rich actors can bankrupt adversaries by stoking a mercenary arms race, or outspend rivals in a war of attrition. Mercenaries have a bigger recruiting pool than national armies, which are limited to their country's citizenry. The mercenary labor pool is global, allowing longer wars of attrition.

Mercenaries enable strategies of cunning and deception. Clients can hire them as agent provocateurs, drawing rivals into wars of the client’s choosing. Mercenaries are well-adapted for covert actions and “zero footprint” operations, maximizing plausible deniability for the client. This is useful for conducting wars of atrocity: torture, assassination, intimidation operations, terrorism, civilian massacres, high collateral damage missions, ethnic cleansing, and genocide. Some clients might prefer to outsource human right’s violations rather than have their troops caught in the act.
Similarly, clients might hire the private sector for “false flag” operations. For instance, secretly hire mercenaries to instigate a war between one’s enemies, reducing them while keeping the client’s name out of it. Alternately, one can hire mercenaries for mimicry operations to frame enemies for massacres, terrorism and other atrocities that provoke a backlash.

Despite Machiavelli’s rants, buyers can act unfaithfully towards mercenaries. Knowing the high danger of a mission, a client can misrepresent the threat so that mercenary casualties will be extreme. Once they have achieved the mission, the buyer cuts them loose and does not pay them. They will be too weak to challenge the client. There are also amoral hedging strategies. For example, a buyer contracts multiple mercenary units to pursue the same objective without telling them. Each uses different strategic approaches, sometimes working at cross purposes. The client rewards the first unit that completes the mission and cuts loose the rest, unpaid for their sacrifices. Lastly, a client can secretly hire multiple mercenary units to kill each other, thinning out their numbers and making them easier to control or swindle.

Mercenaries can also cheat their masters. Profit motive incentives them to start and/or elongate wars. This includes playing multiple potential clients off one another to foster mistrust that leads to more war contracts. Asymmetries of expertise allow force providers to manipulate key military information to influence the client’s business decisions in favor of the mercenary’s interests. Then there is the classic shakedown strategy: blackmailing their client for more money at a crucial moment. Or, selling out the client to the enemy for a greater return. Bribery was a powerful weapon during the Italian Wars. Force providers can also act as cartel, secretly cut deals among each other and negotiating a war outcome that benefits all mercenaries at the expense of clients. “A rising tide lifts all boats,” is an aphorism of economic theory.

Between contracts, mercenaries often sustain themselves through banditry, destabilizing whole regions. For them, it has the added benefit of artificially generating demand for their protection services. This can lead to extortion and racketeering. They threaten to lay waste to a community unless it pays for protection money, similar to the mafia. Then they try to establish payments on a rotating basis and raise prices whenever possible. Mergers and acquisitions occur in the market for force. One approach is for larger force providers to buy
smaller one, giving them market power. Alternatively, they can kill off the competition and become monopolists, so they can raise prices.

Another strategy is praetorianism. Mercenaries can hold weak client’s hostage and bleed him dry of wealth for as long as possible, and then look for a new host when finished. Alternately, they can establish a warlord kingdom to extract wealth from the area. This is especially attractive in high-volatile regions rich in natural resources. Or, they can capture a high value asset like an oil field or small city and sell it back to the owner. When complete, they can ask for a contract to protect it from other mercenaries.

These are just a sampling of strategies peculiar to private warfare. None of them are studied in universities or taught at war colleges, leading to a gap in our strategic IQ. Private wars do not behave like public ones, and traditional war strategies may backfire. Nor is international law robust enough to contend with this new kind of armed conflict. The world is not ready to deal with emerging way of war.

An Unstoppable Trend?

Mercenaries are back, with nothing to impede their growth. Those who think mercenaries can be categorically banned now are engaging in magical thinking. The market for force cannot be regulated by international law because law enforcement is difficult. Who is going enter Ukraine and Syria to arrest all those mercenaries? The UN? Also, mercenaries can shoot law enforcement dead. Controlling private force may not be possible, a problem that has echoed through the centuries.

Some believe accountability can be maintained if clients hold their mercenaries accountable. Assuming there is political will to do this, it would be difficult to achieve. During the U.S. wars in Iraq and Afghanistan, some argued that armed contractors should be placed under U.S. military law, known as the Uniform Code of Military Justice. However, this solves little owing to issues of jurisdiction. What happens if a Colombian mercenary kills an Afghan family while on an American contract? Does he go to trial in: a) Afghanistan b) U.S. c) Colombia d) nowhere? No one really knows, and a good labor lawyer could probably shred the case in minutes.
Another solution might be suing those who hire mercenaries. It could disincentive the hiring of mercenaries and diminish the industry. But this too has problems. It is not clear adequate laws exist around the world for this approach. Even if they did, many buyers in the market for force are states like Russia, Nigeria, and the Emirates. It will be difficult to sue them and achieve meaningful consequences. Non-state actors are trickier. If you press them too hard, then they move offshore, beyond the reach of the law. Big corporations already do this to evade taxes. Terrorists and transnational criminal organizations operate in the shade of law.

Overt actors and their proponents believe the answer could be self-regulation, like ICOCA. While a noble effort, it does not apply to covert mercenary actors, who are growing each year and the bigger threat to international order. They dwell in the shadows and would never sign up to a public registry. It is also questionable whether self-regulation curbs bad behavior among overt actors, since a voluntary code of conduct is not regulation but instead like a club. The worse that can happen to those caught violating the code is being kicked out of ICOCA. Such costs are not high enough to bring bad actors to heel.

Some suggest market mechanisms are the best way to shape industry behavior. Super-buyers can use their market power to establish “rules of the road” by rewarding good force providers with lucrative contracts while driving the rest out of business. The U.S. squandered this opportunity in its two long wars in Iraq and Afghanistan. However, the UN could assume this role if it chose to privatize some of its peacekeeping. Peacekeeping missions are constantly understrength, and turning to the marketplace could help alleviate this chronic problem. To accomplish it, the UN would have to establish a licensing and registration regime that all industry members must observe in order to pre-qualify for contracts with the organization. This would entail clear standards and policies regulating all industry activities plus clear mechanisms of oversight and accountability. As a minimum, this regime should include the following elements: registration criteria, ethical code of conduct, employee vetting standards, mechanisms of transparency and accountability, permissible clients (e.g., sanctioned by the UN security council), training and safety standards, contractual standards, and compliance enforcement mechanisms such as audits. Contract instruments must be in place to ensure swift deployment of private military companies, should a humanitarian catastrophe arise. It would be
impermissible to lose a key advantage of the private sector’s rapid response and surge capacity to bureaucratic mire.

Using market mechanisms in combination with international law may be the best way to curb the mercenary trade, but it will unlikely stop the practice. To do this, all countries would have to pool their resources to abolish mercenarism in a unified front for decades to come, as they did in the centuries after 1648. World peace might be easier.

Unfortunately, mercenaries may be here to stay. In some ways this is unsurprising, since using mercenaries was considered “normal” throughout human history, except between 1855 – 1990. Those who think return of mercenaries can be safely ignored or categorically banned are too late. After 150 years underground, the market for force has returned in just two decades, and is growing at an alarming rate. Expect future conflict markets in the usual global hot spots. However, introducing an industry vested in conflict into the most conflict-prone places on Earth is vexing, since it exacerbates war and misery. As the market expands, potential clients will judge mercenaries as a needed investment, and it will fuel the marketplace in a self-feeding loop. New consumers will seek security in an increasingly insecure world, and new mercenaries will pop up to meet their demand. This will breed private warfare, a dangerous form of armed conflict the world is unprepared to meet. The threat of mercenaries is like climate change; if you wait too long, the danger may become irreversible. The time to act is now.
About the Author

Dr. Sean McFate is a foreign policy expert, author and novelist. He is a Senior Fellow at the Atlantic Council, a Washington DC think tank, and a professor of strategy at the National Defense University and Georgetown University’s School of Foreign Service. Additionally, he serves as an Advisor to Oxford University’s Centre for Technology and Global Affairs.

McFate’s career began as a paratrooper and officer in the U.S. Army’s 82nd Airborne Division. He served under Stan McChrystal and David Petraeus, and graduated from elite training programs, such as Jungle Warfare School in Panama. He was also a Jump Master.

McFate then became a private military contractor and paramilitary. Among his many experiences, he dealt with African warlords, raised armies for U.S. interest, rode with armed groups in the Sahara, conducted strategic reconnaissance for the extractive industry, transacted arms deals in Eastern Europe, and helped prevent an impending genocide in the Rwanda region.

In the world of international business, McFate was a Vice President at TD International, a boutique political risk consulting firm with offices in Washington, Houston, Singapore and Zurich. Additionally, he was a program manager at DynCorp International, a consultant at BearingPoint (now Deloitte Consulting), and an associate at Booz Allen Hamilton.

McFate authored *The New Rules of War: Victory in the Age of Durable Disorder* (Morrow), which has been called “The Freakonomics of modern warfare.” It was named a “Book of the Year” by The Economist, The Times [UK], and The Evening Standard. It is included in West Point’s “Commandant’s Reading List.” Max Hastings wrote in The Sunday Times: “[This] iconoclastic book is being hailed by radicals as a wake-up call to governments and armed forces everywhere.” Admiral Jim Stavridis, the former NATO Supreme Allied Commander, said: “Stunning. Sean McFate is a new Sun Tzu.” McFate also authored *The Modern Mercenary: Private Armies and What They Mean for World Order* (Oxford Univ Press). The Economist called it a “fascinating and disturbing book.”

A sought-after speaker, he has appeared before the British House of Commons, top universities and large audience venues. He has written for the New York Times, Washington Post, The Atlantic, The New Republic, Foreign Policy, Politico, Daily Beast, Vice Magazine, War
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7 https://www.gpo.gov/fdsys/pkg/BILLS-110s674is/pdf/BILLS-110s674is.pdf


For those curious about the Italian Wars, a good place to start is historian Michael Mallett.